



Offer #401-HHS-002

Child Support Recovery Unit

This offer includes the following appropriations: Child Support Recovery

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Program Description:

Who:

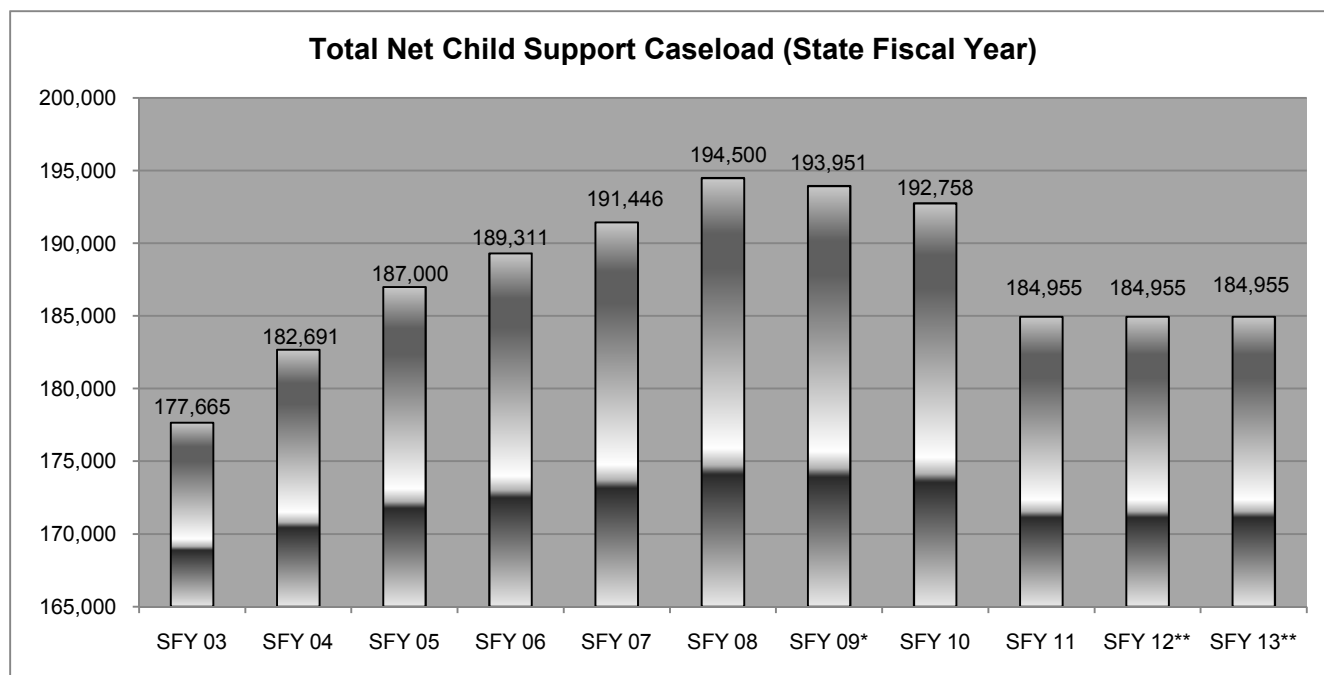
CSRU serves people who currently or formerly received FIP, who currently or formerly received medical assistance, or who apply for our services and pay a \$25 application fee.

In SFY 2011, CSRU served 651,042 parents and children on 184,955 cases. Of these:

- 11 percent are currently receiving FIP
- 53 percent formerly received FIP
- 36 percent never received FIP

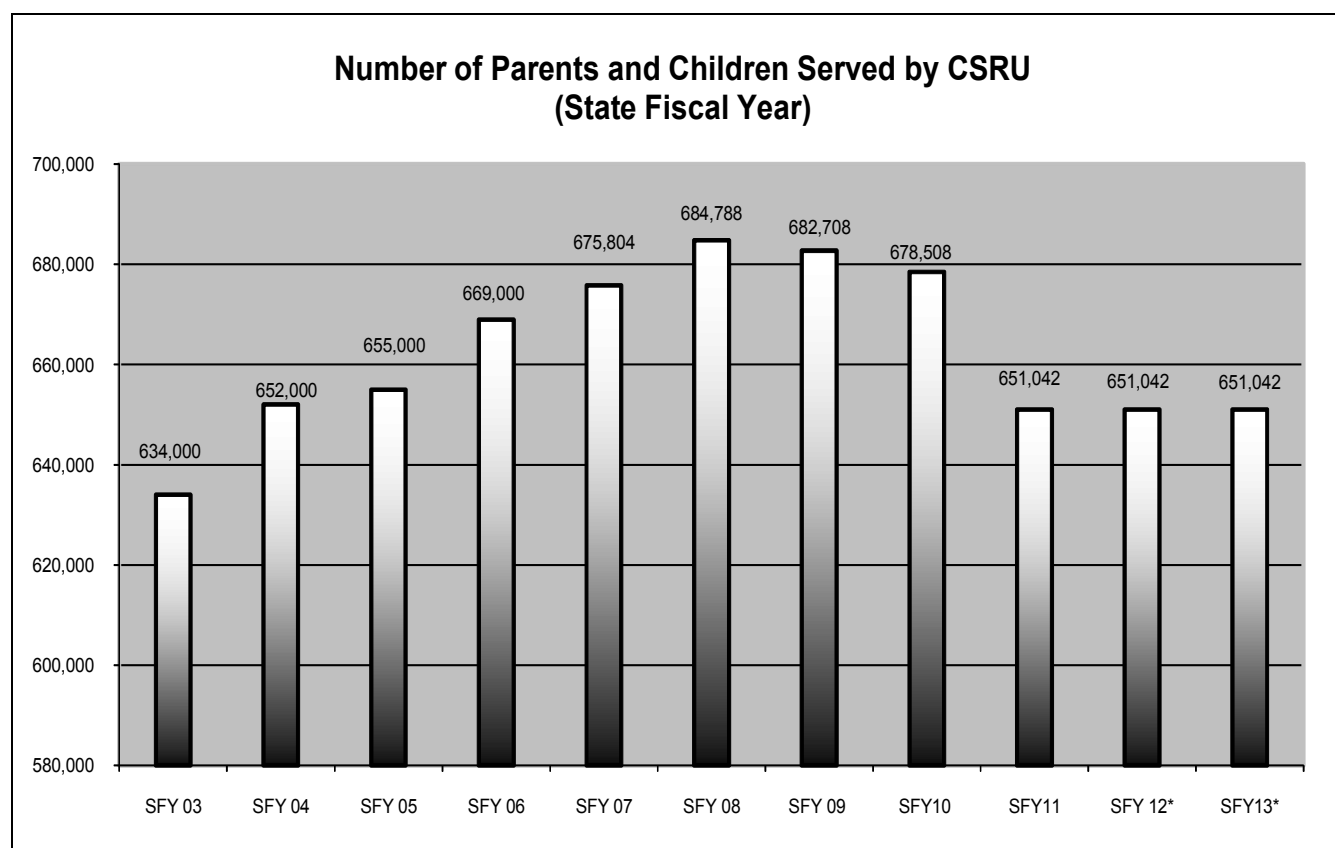
A variety of factors resulted in a change in the caseload in SFY 2011. There was a decrease in both non-public assistance applications and Medicaid referrals. An August 1, 2010, rule change gave parents who receive Medicaid benefits the choice of receiving services from Child Support Recovery. This change was made in response to families wanting only to get medical coverage for their children without receiving child support services. As expected, the rule change has been effective in getting Medicaid-only services to the families who need them.

In addition, in recent years, divorce rates, birth rates, and out-of-wedlock births have decreased in Iowa. This change in demographic factors has an impact on the program.



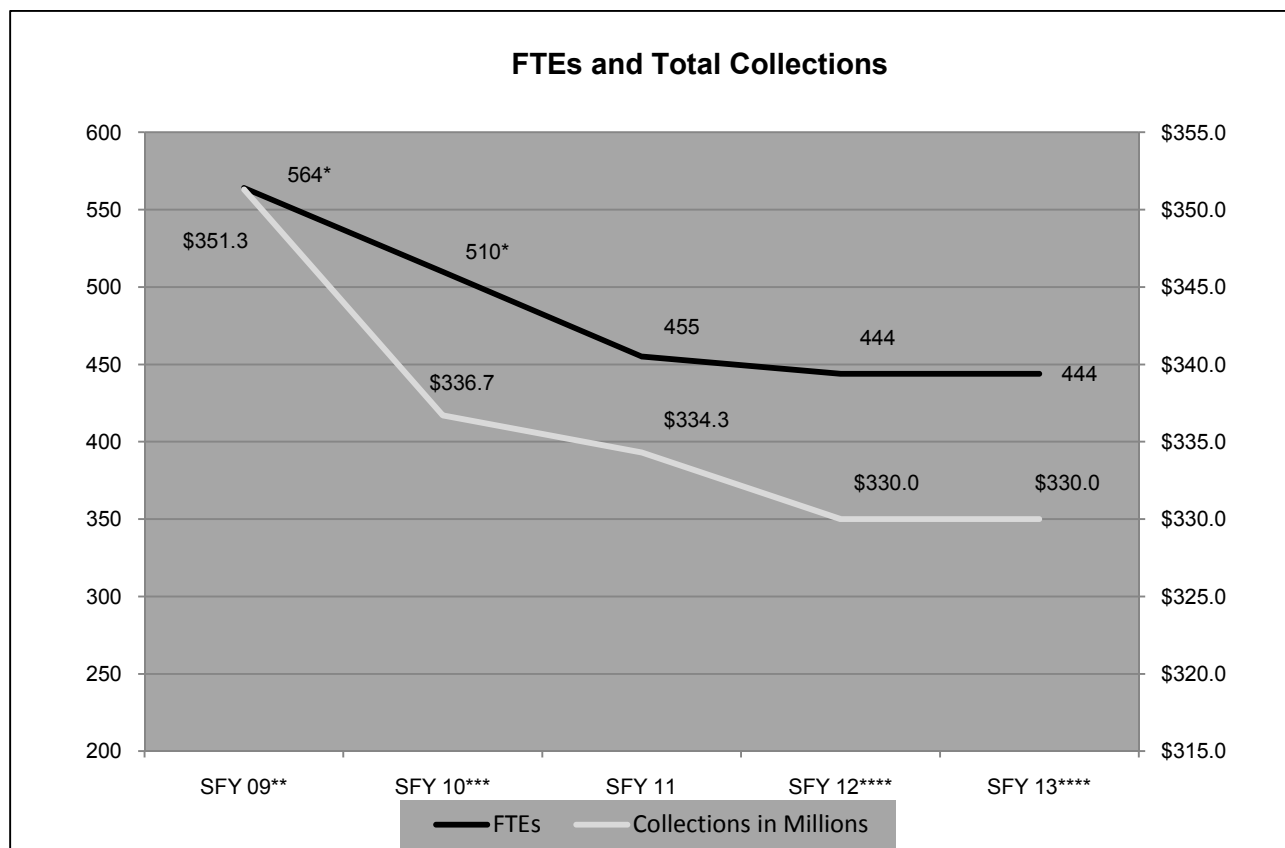
* Refined method for removing duplicated caseload.

** Projected caseloads.



* Projected.

While the total caseload has declined, so have staffing levels. CSRU's loss of staff has impacted its total and public assistance collections. Despite the caseload decline, cases per worker have increased by over 20 percent in the last 4 years.

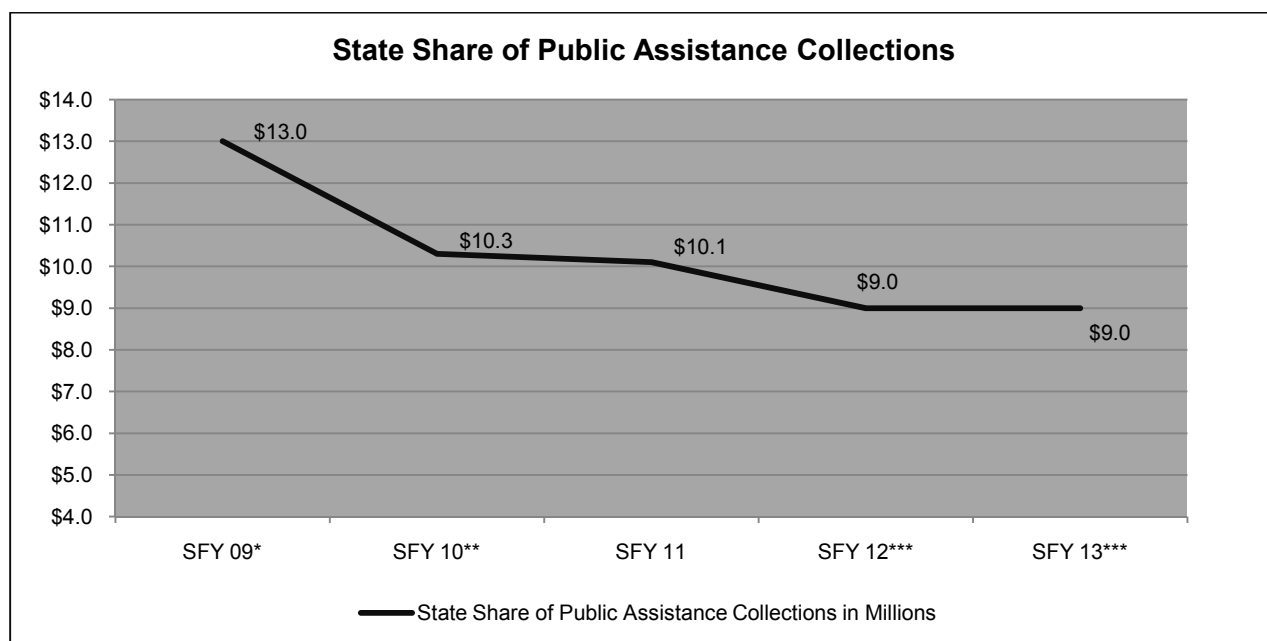


*Includes average state FTEs and contracted call center staff.

**Reflects one-time ARRA payment.

***Reflects one-time \$250.00 ARRA payment for certain Federal beneficiaries for Veterans.

****Projected.



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***Projected.

What:

All states participating in the FIP/TANF and IV-E foster care programs must have a child support recovery program. CSRU positions staff across the State to ensure compliance with Federal and State requirements for establishment and enforcement of child and medical support. The State's required match for operating costs of the program is 34%.

CSRU establishes paternity in out-of-wedlock births so that two parents are legally responsible for the children, as well as establishing child support and medical orders, which creates the legal authority to collect support and enforce health insurance for children. Collections for public assistance families are assigned to the State to help reimburse taxpayer costs. Customers can apply to have child and medical support orders modified. There are also limited special services to facilitate access and visitation and other parental activities to address barriers to the payment of support.

Given the current economic condition and challenges that arise in working with families who are struggling as a result of lost or reduced employment, CSRU must find ways to continue to establish and enforce court ordered child support obligations for the children and families that we serve. CSRU has maintained a high number of customers who are seeking requests for modification of their child support orders to be more in line with their ability to pay. There is a growing need to work with CSRU customers on a more individual basis during these difficult economic times in order to ensure the needs of all are met.

The complexities surrounding the federal mandate to seek orders for medical support from either parent who has affordable health insurance continue to remain a challenge for the program. Changes at the federal level related to health care reform are anticipated to change how the CSRU currently establishes and enforces medical support in the future.

Establish paternity so that children have two parents legally responsible for their care.

For those children born outside of marriage, paternity can be established in one of three ways by: signing a paternity affidavit, obtaining an administrative paternity order, or judicially establishing paternity.

CSRU provides training and information to many Iowa hospitals to educate hospital staff about the importance of encouraging parents to complete a paternity affidavit, which legally establishes paternity at the time of a child's birth. CSRU also assists parents in completing paternity affidavits in the local offices. If a paternity affidavit is officially filed with the Bureau of Vital Records, CSRU can proceed to pursue a support obligation for that child.

Action	SFY 2010	SFY 2011
Number of paternity affidavits filed for all children born out of wedlock in Iowa	9,649	8,752

Secure an order for support so that both parents have a legal duty to provide support.

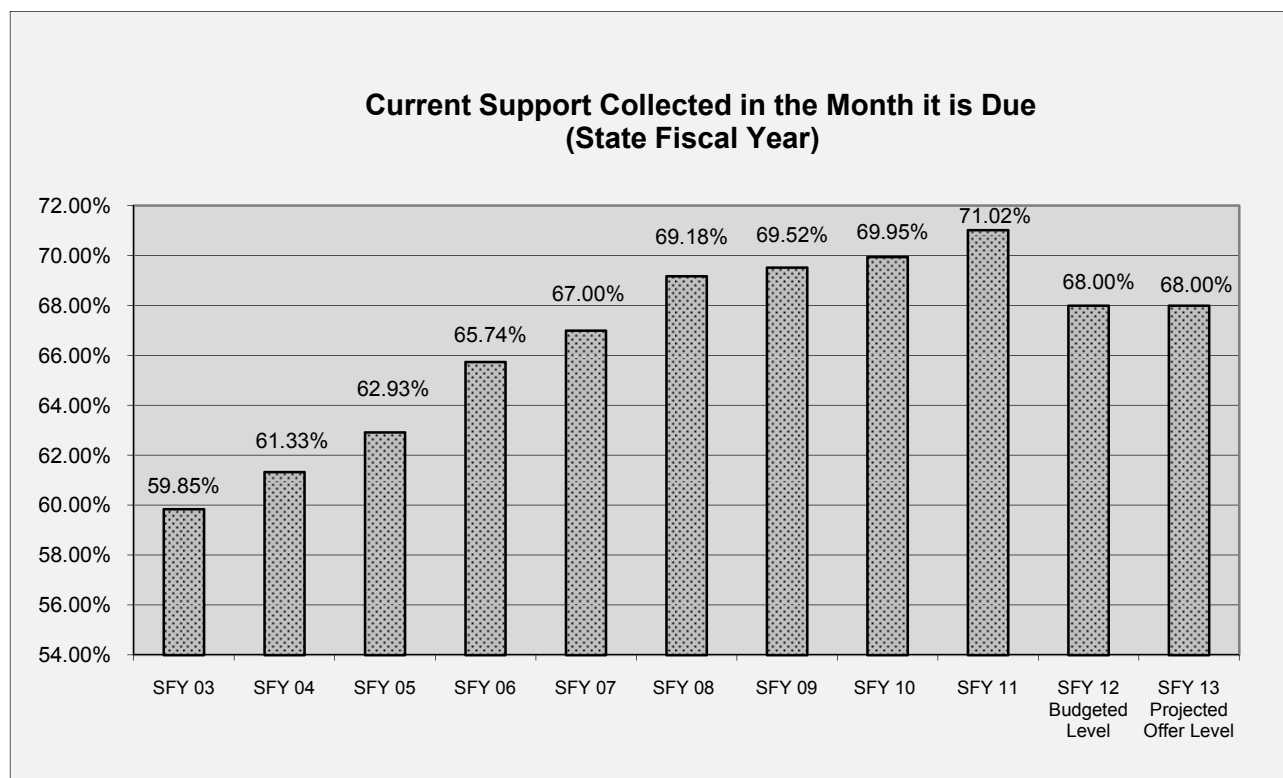
Court orders are the legal basis needed before support can be collected.

Support can be established at the same time as a paternity order, or if paternity is already legally established, support can be obtained administratively or judicially. Orders that are established include both child support and medical support obligations.

Action	SFY 2010	SFY 2011
Orders established for paternity and support	6,341	7,076
Percent of court ordered cases	84.75%	87.22%
Percent of court ordered cases with medical support ordered	88.27%	88.73%

Improve the percentage of child support collected in the month due so that a delinquency does not occur.

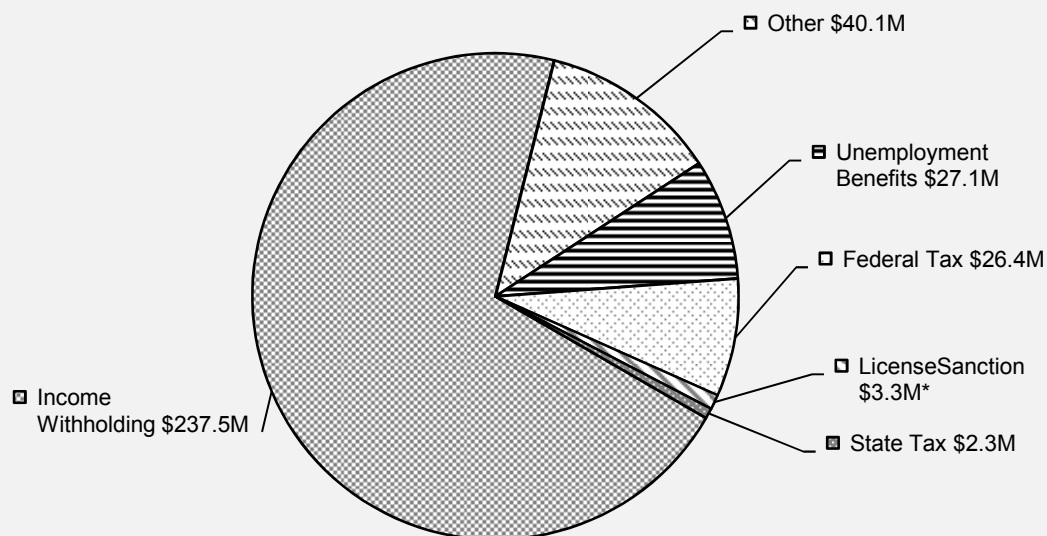
Child support collections help families with children become self-sufficient. In order to do this, states must be able to locate payors and payors' income providers and assets and then identify and implement the processes that can be used to secure support. In FFY 2009 (the most recent year audited data is available), Iowa was ranked 7th in collecting child support in the month due.



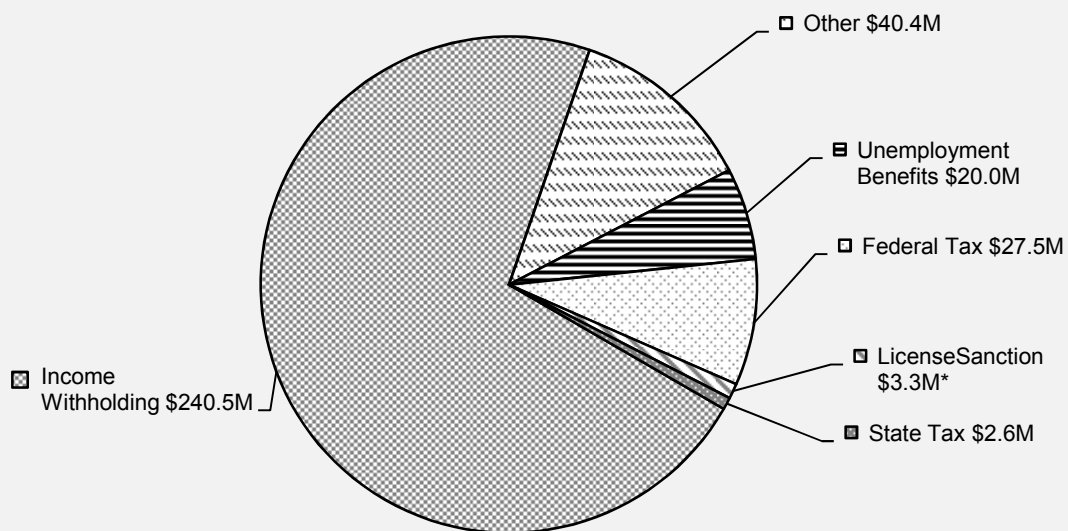
Improve total collections

About 72% of the total collections came from income withholding orders, which requires sending income withholding notices to secure the collections. In SFY 2011, employers reported over 724,237 newly hired employees, of which income withholding collections were secured on over 6 percent of these newly hired employees.

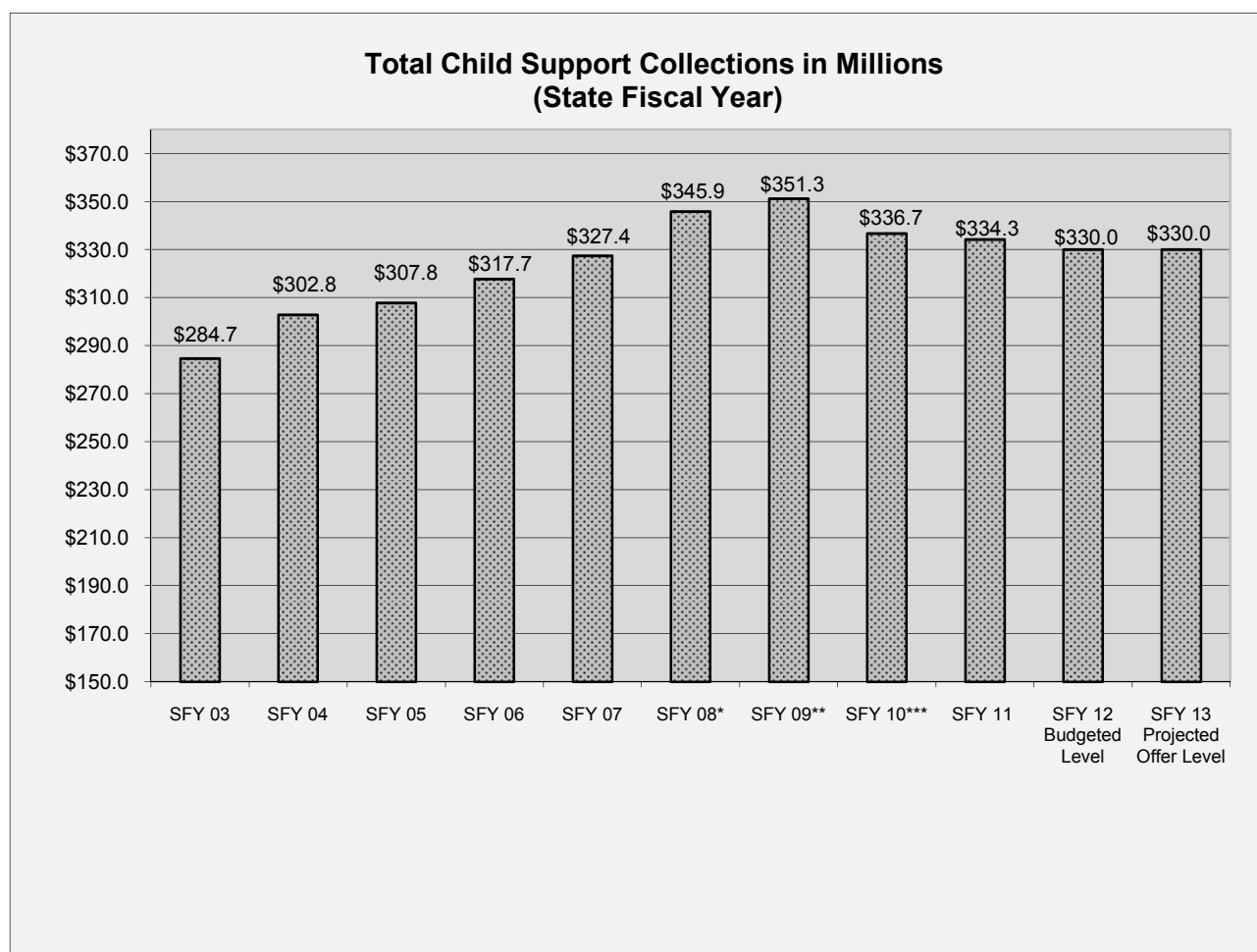
In SFY 2011, payments received from unemployment benefits have been declining without a corresponding increase in collections from income withholding and in new employer hires. Collections from unemployment benefits dropped by 26 percent in the last year, or over \$7M. Income withholding from employers has only increased by 1.27 percent in the same year.

SFY 2010 Total Collections \$336.7M

* License sanction collections are limited to collections received in the first 3 months after the official notice or the certificate of non-compliance is sent.

SFY 2011 Total Collections \$334.3M

* License sanction collections are limited to collections received in the first 3 months after the official notice or the certificate of non-compliance is sent.



* Reflects one-time Federal economic stimulus payments received in the spring of 2008.

** Reflects one-time ARRA payment.

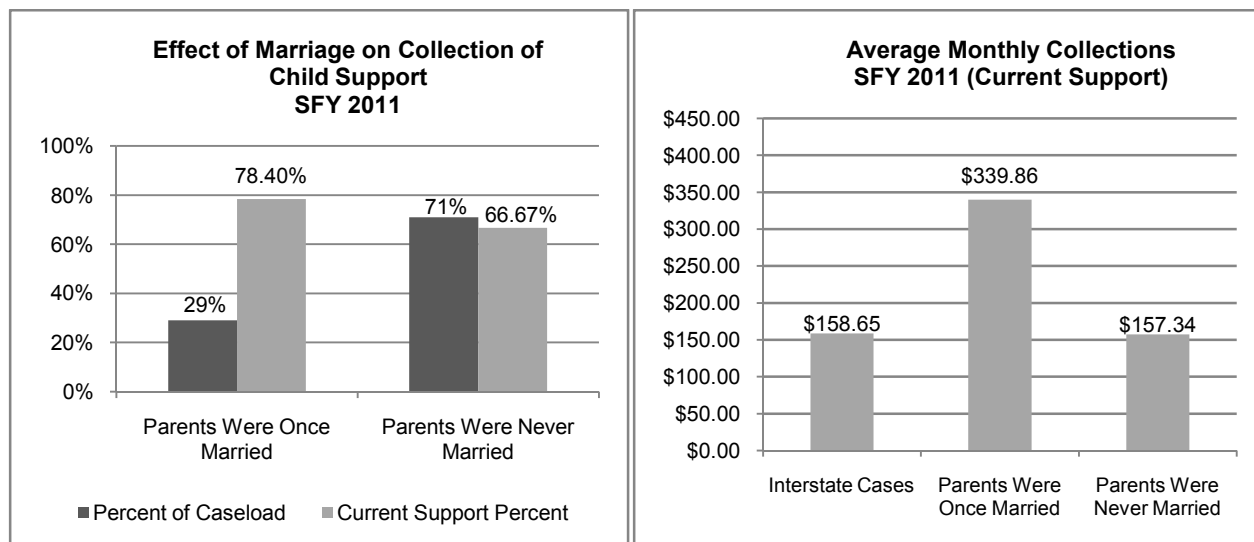
*** Reflects one-time \$250.00 ARRA payment for certain Federal beneficiaries for Veterans.

Income withholding information and other collection methods are listed below:

Action	SFY 2010	SFY 2011
New income withholding orders filed	22,470	22,312
Income withholding notices sent to employers	127,432	137,783
Payors certified for Federal tax refund offset	70,800	68,511
Payors certified for state tax refund offset	79,376	79,863
Administrative levy notices sent to financial institutions to collect child support from bank accounts	6,185	6,173
License sanction notices issued to payors (driver's licenses, vehicle registration, fishing and hunting licenses, and professional licenses)	32,884	32,314
Referrals to the Department of Revenue for those cases where other collection methods have been exhausted	5,079	6,110

Strategies used to improve collections are:

- Identifying effective and efficient methods to serve customers
- Identify the most effective way to work interstate cases
- Focus on an “easy to do business” relationship with employers
- Continue to search for tools to enhance our ability to locate payors and their assets



Other services provided

Support can be modified through four different processes including Review and Adjustment, Administrative Modification, Cost of Living Alteration, and Suspension of Support.

Modifications	SFY 2010	SFY 2011
Requests received and worked	9,525	9,493
Orders changed	4,825	6,473

Many aspects of Iowa's CSRU are recognized either nationally or statewide as innovative ideas:

- Recipient of the 2009 Outstanding Program of the Year Award from the National Child Support Enforcement Association (NCSEA).
- Recipient of the 2009 Commissioner's Award for Innovative Technology from the federal Office of Child Support Enforcement (OCSE) for Iowa's document imaging technology development and implementation.
- Iowa is the only state to establish a one-stop service center for employers and other income providers who withhold and remit support.
- Iowa is the only state to establish a joint office with other states (Nebraska and Illinois) to enforce interstate cases.
- Recipient of an award for Exemplary Employer Website from the Federal Office of Child Support Enforcement.

- Received a competitive grant to transfer paper documents to electronic data transmittable with the Courts.
- Incorporated a statewide practice of focusing on customer service while establishing and modifying orders by using a holistic customer-friendly “Connections Equals Collections” approach.
- Received a competitive grant to data mine income withholding to develop payor groups by payment pattern to identify strategies to prevent a break in payments.
- Received a competitive grant to partner with Department of Corrections to educate incarcerated individuals who seek assistance with their individual child support cases.

How:

CSRU is a statewide agency with an average of 444 funded state employees and 51 county contracted positions in 23 field offices located throughout the state, as well as a centralized employer call center, the state disbursement unit, and a central operations, IT, and policy unit. At the beginning of SFY 2013, CSRU will transition 23 county positions to state positions for a total of 467 funded state employees and 28 county contracted positions.

CSRU will transition the 23 positions that were previously funded under county contracts to newly created state positions. This will not create a funding issue, as CSRU will simply take the funds that were being used to fund the positions in the county and use those funds to fund the newly created state positions.

In order to secure the necessary orders of paternity and support, primary activities are locating individuals and their assets and applying this information to case actions. To achieve these results, CSRU utilizes various location matching methods with entities such as public utilities, cell phone companies, financial institutions, federal and state parent locator sources, jails, prisons and the Courts.

CSRU works with employers, labor unions, Social Security Administration, and Iowa Workforce Development to obtain location and wage information.

CSRU also contracts with the Attorney General’s office, counties across the state, genetic testing labs, process servers, financial institutions, hospitals, as well as other state agencies such as the Department of Justice, Department of Revenue, Department of Corrections, Department of Public Health, Department of Public Safety, and Iowa Workforce Development in order to meet our Federal performance requirements and to deliver these essential functions.

General Administration provides corporate oversight in the areas of fiscal, personnel and processing management for the more than 680 contracts in our program. General Administration also provides support in managing telephone systems in several of our offices, including our automated voice response system and helps support our needs in technology by providing imaging maintenance, local area networks, servers, along with support for our federally certified mainframe, which is the second largest in state government. General Administration also provides a framework for legislative and constituent responses as well as assisting in processing necessary rules changes.

Results Achieved:

- Secure \$305.2M for families, \$23.2M (state share \$9.0M) estimated for FIP, and \$1.6M (state share \$1.2M) for Foster Care (state and federal portions).

Result:	SFY 2011 Actual Level	SFY 2012 Budgeted Level	SFY 2013 Offer Level
Percentage of cases with paternity established so that children have two parents legally responsible for their care.	92.57%*	90%	90%
Percentage of cases with a court order so that there is an obligation to provide support.	87.22%	85%	85%
Percentage of child support collected in the month due and not delinquent.	71.02%	68%	68%
Total Collections	\$334.3M	\$330.0M	\$330.0M

*Actual in FFY 2010.

Impact of Proposed Budget on Results:**Current Results:**

When parents do not live in the same household, income from both parents is needed to provide for a child's basic needs. CSRU secures paternity and orders for support and then enforces the orders. Monthly child support income strengthens and supports Iowa families to be able to provide these basic needs. Without this important income, parents struggle to provide a safe and healthy environment and adequate food for their children. Some parents must seek help from FIP and Medicaid.

Many families rely on the monthly child support they are receiving to provide for the basic needs of their children. Dependable monthly child support payments are essential for children. Of the child support payments CSRU collects, a small percentage is required to be used to reimburse the State of Iowa and Federal government for FIP expended. The majority of the support collected is sent directly to families. The average current support collection for cases enforced by CSRU is just over \$210.27 monthly. When CSRU is able to collect the entire amount of the obligation, it helps address in part the \$205.25* average monthly grocery bill and \$135.67* average monthly health care expenses for low-income families.

**This information obtained from Consumer Expenditures in 2009, U.S. Department of Labor, U.S. Bureau of Labor Statistics.*

CSRU's goal is to meet our federally-required performance measures and the needs of our customers despite the economic downturn.

In order to meet the demands of customers with the limited resources we have, it is necessary to find efficiencies through streamlining efforts and operations efficiencies. These efficiencies are necessary in order to sustain current levels of service with a reduced staffing level.

Along with the challenges of maintaining current levels of service to our customers within a difficult economy, we continue to experience a noticeably increased number of customer requests to have their court orders reviewed and adjusted, which is consistent with the economic downturn.

This offer seeks funding for increased operating costs. Without full funding of increased operating costs, there will be impacts on the program including the loss of FTEs to perform establishment and enforcement of paternity and child support orders and loss of collections for children, families, and for reimbursement to the FIP program.

Full Funding of Increased Operating Costs (state dollars)	Loss of FTEs Without Full Funding	Percent of Funded FTEs Lost	Loss of Total Collections	Loss of Public Assistance Collections (state share) to Reimburse FIP
\$258,738	11	2.5%	\$6.5M	\$212K

Sustaining service delivery assumes the level of funding requested in the offer as well as full funding of salary adjustment. If funding is insufficient in either area, results to be achieved will be modified to reflect the impact. This offer also assumes no further change to the policy base. Without full funding of salary adjustment, the program impacts will include the loss of FTEs to perform establishment and enforcement of paternity and child support orders and loss of collections for children, families, and for reimbursement to the FIP program.

Full Funding of Salary Adjustment (state dollars)	Loss of FTEs Without Full Funding	Percent of Funded FTEs Lost	Loss of Total Collections	Loss of Public Assistance Collections (state share) to Reimburse FIP
\$625,335	27	6%	\$16M	\$522K

Legal Requirements:

Federal:

All states must provide child support services in order to receive Federal TANF funds.¹ Iowa's TANF funds are approximately \$131M annually. In addition, no less than 90% of the children served by the child support program must have paternity established to avoid a penalty to the state's Federal TANF funds.² TANF funds are used to support FIP.

State:

CSRU must provide establishment and enforcement services for public assistance and non-public assistance cases.³

¹ 42 U.S.C. 602(a)(2)

² According to TANF Maintenance of Effort (MOE) requirements; 42 USC §§ 609(a)(8) and 652(g).

³ The Iowa laws and, rules governing activities of CSRU are found at Iowa Code Chapters 252B, 252C, 252D, 252E, 252F, 252H, 252I, 252J, 252K and 441 IAC – Chapters 95, 96, 97, 98 and 99.